AGENDA: January 13, 2004 **7.1**

CATEGORY: Unfinished Business

DEPT.: Public Works

TITLE: California / Bryant Street Parking Structure—Retail Space

RECOMMENDATION

Approve a modified project concept reducing the retail square footage from 20,000 square feet to 14,000 square feet and providing for approximately 405 parking spaces.

FISCAL IMPACT

Downtown Parking Structure, Projects 01-51 and 03-31, is currently funded in the amount of $14 million—Parking District and Revitalization Authority Funds ($3.7 million), parking in-lieu fees and developer contributions ($2.8 million) and Revitalization Authority bond proceeds ($7.5 million). Up to approximately $9.0 million is currently available from bond proceeds for the parking structure. Staff plans to propose a project budget amendment to include an additional $500,000 of bond proceeds for the project as part of the next CIP adoption process, which will bring the budget to the current project cost estimate of $14.5 million. No City General Funds will be used.

One alternative (Alternative 5), discussed later in this report, requires an additional appropriation of $1 million. If Council selects this alternative, there are a number of possible sources of funding. The Revitalization Authority issued bonds in the amount of $9 million. Approximately $1 million of this amount was set aside for project contingency and for other revitalization activities such as cost of tenant improvements for the retail space. There is also sufficient funding available in the Revitalization Authority Fund balance. Finally, there is also the potential for additional parking in-lieu fees to be generated from downtown development projects in the near future, though the timing and amount of these funds is not certain.

BACKGROUND AND ANALYSIS

At the September 23 and December 2, 2003 study sessions, the City Council reviewed the design concepts for the new downtown parking structure. At the second study session, staff presented additional information and several alternatives relating to the retail space component previously approved by the Council. The December 2, 2003 staff report and minutes are attached (including the September 18 staff report) as Exhibits 1 and 2. This memo briefly summarizes the originally approved project concept and goals and project

alternatives and provides additional information to assist Council in making a decision on the retail space.

Original Approved Concept

The original concept for the parking structure approved by the City Council on June 11, 2002 is a four-story, five-level structure with 20,000 square feet of first-floor retail space and approximately 468 parking spaces. In approving this concept, Council intended that retail space on the ground floor give the parking structure an appearance appropriate for this downtown gateway location, be compatible with surrounding developments and provide greater pedestrian interest at this prominent corner.

Staff recommended a 14,000 square foot alternative on September 23, 2003 to address design impacts associated with the 20,000 square foot retail concept while preserving most of the advantages of the originally approved concept.

Goals of the Original Concept

The original approved project concept supports a number of goals for the parking structure project. These goals include:

- Provide 400 to 500 spaces in the new parking structure.
- Create a parking structure design and scale that will integrate into the downtown and with surrounding developments.
- Create a retail presence at this prominent corner and entrance to downtown.
- Support the downtown retail recruitment strategy by creating a large retail floor space that could attract a small grocery store or drugstore.
- Support the Downtown Precise Plan goals by providing a pedestrian-friendly connection between the residential area on the west side of Bryant Street and the downtown core on Castro Street.
- Provide mixed-use parking and retail at this strategic corner site to maximize flexibility through changing economic cycles over the long term.
- Provide a cost-effective structure that can be constructed without City General Fund support.

Alternatives

After an analysis performed with the project architect, staff concluded that it would not be possible to meet all of the retail and parking objectives of the original concept in a structure that would be compatible with surrounding development. As a result, several project alternatives were presented to Council at the September 23 and December 2, 2003 study sessions. All of the alternatives assume a setback of the upper level of the building along Bryant Street to reduce massing and be more compatible with the surrounding buildings. The pros and cons of each alternative and how it matches project goals are summarized below.

1. **Four-Story/Five-Level Structure with 20,000 Square Feet (15,000 Square Feet Net) Retail/Office Space**

   This is the original concept approved by Council in June 2002 but with a reduced building mass.

   Pro:

   - Provides a retail presence on this prominent corner and a pedestrian-friendly connection to the downtown core (meets goal).
   - Provides the possibility of attracting a grocery or drugstore (meets goal).
   - Allows a project design and scale that is compatible with a gateway location and integrates into the downtown and with surrounding developments (meets goal).
   - Allows a mixed-use facility to maximize flexibility over the long term (meets goal).

   Con:

   - Provides approximately 380 parking spaces (does not meet goal).
   - Highest project cost per space ($38,200 per space).
   - Some uses of the retail space could present operational challenges.

2. **Four-Story/Five-Level Structure with 14,000 Square Feet (10,000 Square Feet Net) Retail/Office Space**

This is the staff-recommended alternative presented to Council at the September 23, 2003 study session.

Pro:

- Provides approximately 405 parking spaces (meets goal).
- Provides a retail presence on this prominent corner and a pedestrian-friendly connection to the downtown core (meets goal).
- Allows a project design and scale that is compatible with a gateway location and integrates into the downtown and with surrounding developments (meets goal).
- Allows a mixed-use facility to maximize flexibility over the long term (meets goal).
- Provides the possibility of attracting a grocery or drugstore (meets goal).
- Provides approximately 40 first-level parking spaces to support retail space.
- Provides smaller loading bay for retail space (size of bay is not directly related to square feet of retail space but to potential use of space).
- Lower project cost per space ($35,800 per space).

Con:

- Second highest cost per space alternative.
- Some uses of the retail space could present operational challenges.

3. **Four-Story/Five-Level Structure with 7,000 Square Feet Retail/Office Space**

This alternative provides a smaller retail space than the staff-recommended alternative. A loading bay is not proposed for this alternative because the retail uses for this size space are not expected to need one. This alternative was initially presented to Council at the December 2, 2003 study session.

Pro:

- Provides approximately 420 parking spaces (meets goal).
- Provides a retail presence on this prominent corner and a pedestrian-friendly connection to the downtown core (meets goal).
- Allows a project design and scale that is compatible with a gateway location and integrates into the downtown and with surrounding developments (meets goal).
- Lower project cost per space ($34,500 per space).

Con:

- Retail space may be too small to attract a grocery or drugstore.
- Less flexibility in use of the retail space over the long term.

4. **Four-Story/Five-Level Structure with No Retail/Office Space**

A parking structure alternative with no ground-floor retail space was reviewed during the initial project development and considered by Council in June 2002.

Pro:

- Provides approximately 445 parking spaces (meets goal).
- Low project cost per space ($32,500 per space).

Con:

- Provides no retail presence on this prominent corner and a less pedestrian-friendly connection to the downtown core (does not meet goal).
- More challenging to create a project design and scale that is compatible with a gateway location and integrates into the downtown and with surrounding developments (does not meet goal).
- Does not achieve a mixed-use facility to maximize flexibility over the long term (does not meet goal).

- Provides no possibility of attracting a grocery or drugstore (does not meet goal).

5. **Five-Story/Six-Level Structure with No Retail/Office Space and One-Half Level Below Grade**

   This alternative was suggested at the September 23, 2003 Council study session and presented to Council at the December 2, 2003 study session.

   Pro:

   - Provides approximately 560 parking spaces (exceeds goal).
   - Lowest project cost per space ($27,700 per space).

   Con:

   - Provides no retail presence on this prominent corner and a less pedestrian-friendly connection to the downtown core (does not meet goal).
   - More challenging to create a project design and scale that is compatible with a gateway location and integrates into the downtown and with surrounding developments (does not meet goal).
   - Does not achieve a mixed-use facility to maximize flexibility over the long term (does not meet goal).
   - Provides no possibility of attracting a grocer or drugstore (does not meet goal).
   - Requires an additional $1 million budget appropriation.

A table comparing the alternatives is included as Exhibit 3.

Additional Information

The following information is provided to assist the City Council while considering this issue:

1. **How much does the retail/office space increase project cost?**

   The walls, utilities and other improvements necessary to provide the retail shell are estimated to cost $250,000 to $400,000, depending on the size of the retail space. The retail space occupies space that could otherwise be parking. If such parking is required

in the future, it is estimated that it would cost between $800,000 and $2 million (depending on the size of the retail space) to construct this parking at another location at a later date. Tenant improvement and furnishing and equipment costs are not included in the above figures as the cost of these improvements is dependent on the use of the space, and the responsibility for these costs is usually negotiated between the tenant and landlord. The current project budget with contingencies is adequate to fund the parking structure with retail shell space up to 20,000 gross square feet.

2. **How will the retail/office space affect the project design?**

Excluding a retail component from the parking structure provides a significant challenge to meeting the project goals of providing a pedestrian-friendly connection between the residential area on the west side of Bryant Street and the downtown core on Castro Street. While an attractive parking structure can be designed within the project budget, a retail storefront adds interest to the design and creates a more vibrant setting more likely to be compatible with neighboring development.

3. **Could the office/retail space be converted to parking later?**

The office / retail space can be converted to parking later. The parking layout would not be as efficient as that of a structure initially designed for all parking. Parking spaces gained would be approximately 40 (for 20,000 gross square feet of retail space), 30 (for 14,000 gross square feet of retail space) or 15 (for 7,000 gross square feet of retail space). Total parking count in the converted structure would range from 420 to 435 spaces, less than the 445 spaces in a structure with only parking. The cost of converting the retail shell to parking is estimated at approximately $300,000.

4. **Could the parking be converted to office/retail later?**

The parking can be converted to office / retail space later but only if provisions are made for the conversion in the initial design of the structure. Ramps and columns must be designed to allow adequate ceiling heights for the retail space, which will reduce the parking count to accommodate future conversion by approximately 10 to 25 spaces, depending on which size retail space is anticipated. The conversion, if done, would further reduce the parking count. The cost of conversion is estimated at approximately $300,000 to provide a retail shell.

5. **What number and size of trucks would be expected to make deliveries to a small market located in the parking structure and how would these deliveries be accommodated?**

   Based on staff's discussions with other small markets, approximately 20 to 30 deliveries per day would be expected at a small grocer located in a 14,000 to 20,000 gross square foot retail space in the parking structure. Most of these deliveries would likely be made with smaller delivery trucks (less than 40' total length). However, some deliveries would be made with 50' to 60' semis.

   The smaller delivery trucks could use the loading bay provided with the retail space. The larger trucks will not fit in the loading bay but could be accommodated with a time-restricted loading zone on California Street in front of the parking structure (between the alley and Bryant Street). Such a loading zone would eliminate approximately three on-street parking spaces during the times that the loading zone is in effect. The loading zone could also accommodate smaller trucks when the loading bay in the parking structure is occupied. When the loading zone is not in effect, public parking could be allowed in the on-street spaces.

PUBLIC NOTICING

Mailed notice to neighboring residents and property owners and agenda posting.

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MAF-EMB/5/CAM

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Attachments: Exhibit 1—December 2, 2003 Study Session Staff Report
Exhibit 2—December 2, 2003 Study Session Minutes
Exhibit 3—Alternatives Table

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